The inclusion of this clause would exempt the document from the payment of stamp duty. Accordingly the written undertaking can continue to be obtained on a plain paper.

In so far as the written undertakings already obtained in respect of loans sanctioned in the past are concerned, the sanction authorities should ask the loanees to submit fresh undertaking in the revised form incorporating the clause referred to above. Law Department may also be consulted where considered necessary.

N. S. BHARATH,

Joint Secretary to Government,
Finance Department.

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APPENDIX

Subject : **Loan to Public Sector undertakings—Execution of Agreements**

PREAMBLE.—

The Government of India had under consideration the question of execution of an agreement bond before any loan is sanctioned to the Industrial Undertakings in Public Sector. It has now been decided by the Government of India that while a formal agreement need not be executed by a wholly Government owned company in respect of loan sanctioned by Government, a written undertaking should be obtained from such companies. Hypothecation of assets by the companies is also not necessary. It has also been decided by Government of India that no stamp duty need be paid on these written undertakings.

ORDER No. FD 34 RLG 67, BANGALORE, DATED THE 1ST FEBRUARY 1968.

Government have considered the orders issued by Government of India and decided to follow similar procedure. They are accordingly pleased to direct that when the loans are sanctioned by Government or by Heads of Departments to companies which are wholly owned by Government, a written undertaking should be obtained from such companies.

(2) No stamp duty need be paid on such written undertakings by companies, etc.

(3) The Administrative Departments of Government and Heads of Departments while sanctioning loans to wholly Government owned companies should invariably indicate in the order of sanction of loan that a written undertaking has to be obtained from the loanees. Similarly the sanctions accorded in respect of loans to other organisations, where a formal agreement is required to be executed as implied in Rule 7 of Annexure to Chapter XII of M.F.C., should also clearly indicate that such an agreement has been executed by the loanee.

(4) The written agreement to be obtained from such companies should be in the annexed form.

By Order and in the name of the Governor of Mysore,

N. S. BHARATH,

Budget Officer and Ex-officio
Deputy Secretary to Government,
Finance Department.